



ARLINGTON FINANCE COMMITTEE
MINUTES OF MEETING
COMMUNITY SAFETY BUILDING O'NEILL ROOM
2/5/20 7:30 PM

ATTENDEES:

Gibian*	Padaria	Pokress*	Kellar	McKenna*
Blundell*	Wallach*	Harmer*	Tosti	
Ellis*	Foskett*	Deyst*	Kocur*	
White	Beck	Jones*	Deshler*	
Franclemont*	Howard*	LaCourt*	Carman*	Diggins*

*Indicates present

VISITORS: Town Manager Adam Chapdelaine, Deputy Town Manager Sandy Pooler, Lenard Diggins

1. Foskett, who chaired the meeting, welcomed new members. He urged everyone to take conflict of interest training.

2. Chapdelaine stated that the budget funds all the promises made in connection with last year's override. See his forward in the budget book for details. The net Town budget is a 2.33% increase, well within the 3.25% goal.

3. Long Range Plan: Pooler reviewed the Plan (Ref 1) line by line. Note that the 2nd page defines the terms. He provided a copy of the Cherry Sheet Receipts (State Aid, Ref 2) that total \$24,756,821 and Assessments totaling 3,451,318. Each sheet shows the FY20 final, and the FY21 Governor's proposal. The Governor proposes a \$2m Chapter 70 increase that reflects the effect of his Student Opportunity Act. The overall increase after assessments is 11.8%. Arlington's State Aid increase is relatively large because of our large student enrollment increase.

Pooler explained new growth (mostly new construction). The Plan uses the most recent 10 yr new growth average (Ref 4). He also explained that free cash is the surplus available at the end of the fiscal year. The Plan uses 1/2 the 10 yr average for free cash income (Ref 5).

Pooler explained that the Override Stabilization Fund is planned to cover our structural deficit for 4 years. The plan shows the 1st negative balance in FY24. He explained each expense line, noting some of the budgeting rules such as the Reserve Fund at 1% of budget and Capital Budget at 5% of budget. He expects the MWRA debt shift to gradually be shifted to the water bill thus decreasing resident tax bill and, for those who use little water, decreasing overall expense. He also explained the school budget growth factor. Refer to the notes at the bottom of Ref 1.

4. TRANSFERS: Chapdelaine requested a transfer of \$29,671.41 from the Reserve Fund to cover Human Resource Training related to the Pedrini matter. He also requested a transfer of \$27,461 to cover out of district tuition. See Ref 6.

VOTED to transfer a total of \$57,132.41 as requested. Unanimous

5. RESERVE FUND Balance: \$1,604,584 - \$57,132.41 = \$1,547,451.59

6. COMMITTEE: Next meeting Wed 2/12/20. Town Manager, No meeting next Monday 2/10/20. The Warrant is still being drafted in the SB office.

Meeting adjourned at 9:00 PM

Peter Howard 2/7/19
Rev1

Ref 1 Long Range Financial Plan 2/5/20.

Ref 2 Cherry Sheet Receipts

Ref 3 Cherry Sheet Assessments

Ref 4 New Growth

Ref 5 Free Cash

Ref 6 Transfers

Long Range Financial Projection

Long Range Planning Committee

February 5, 2020

I. REVENUE

- A. State Aid
- B. School Construction Aid
- C. Local Receipts
- D. Free Cash
- E. Overlay Reserve Surplus
- F. Property Tax

State Aid as reported on the Cherry Sheets, including CH. 70 School Aid, Unrestricted General Government Aid (UGGA), and others. Reimbursement for school construction costs from an old state program. These payments run out in FY2021.

Fees, Fines, Permits, Interest, Motor Vehicle Excise Taxes, etc. Assumption: increase by \$100,000 per year.

Free Cash is equivalent to the prior year's operating surplus. Assumption: Half of the 10 year average Free Cash is allocated as a revenue source for the operating budget and the remainder is retained as a reserve fund. The Assessor's annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, \$200,000 is released to be used in operating budget. Some years a larger amount is released.

Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt excluded from Prop. 2 1/2 by the Debt shift.

The Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is added, in years of deficits, money is withdrawn (see comparable item in Expenses below). Fund balance carried over from the previous year.

Total General Fund Revenues.

II. TOTAL REVENUES

- A. School Additions
- B. General Education Costs
- C. Special Education Costs
- D. Growth Factor

Increases to School Department Budget as the result of the 2019 Override.

Most of the costs of running the School Department. Assumption: A 3.5% increase in the sum of the previous year's General Education Costs plus cost increase due to in enrollment growth (Growth Factor, etc.).

Costs of providing Special Education services. Assumption: These costs are assumed to increase by 7% per year.

An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that each new student will cost \$1,000 per year.

Per Pupil Cost figure.

Net School Budget

- A. Minuteman
- B. Town Personnel Services
- C. Town Expenses
- D. Enterprise Fund/Other
- E. Net Town Budget
- F. MWRA Debt Shift
- G. Capital budget

The Total School Department Budget.

Assessments from the Minuteman Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by 3.5%.

Town employees salaries and wages. Assumption: Annual growth of 3.25%.

Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25%.

Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25%.

Personnel Services plus Expenses, minus Offsets.

State law allows the Town to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the MWRA. Assumption: \$5,593,112 per year.

- A. Exempt Debt Service
- B. Non-Exempt Service
- C. Cash
- D. Offsets/Capital Carry
- E. Total Capital
- F. Pensions
- G. Insurance
- H. State Assessments

Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and so income and expense are calculated on the basis of the actual debt service.

Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars.

Items in the annual Capital Plan paid for with cash.

Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.), and bond premiums used to purchase capital items. Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue.

Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 5.5%.

Health, property, and liability insurance. Assumption: Updated annually with new enrollment figures and insurance rates. Future costs include teacher staffing increases to meet increased student populations, etc.

Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2). Some Cherry Sheet aid goes directly to the General Fund. State Aid to libraries is one such example. Assumption: Current year assessment will continue unchanged.

Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: \$600,000 in non-revaluation years, and \$800,000 in revaluation years.

Reserve fund equals 1% of revenues. It is available for the Finance Committee to pay unanticipated and extraordinary costs, such as snow removal. Election costs vary each year depending on the number of candidates for town office.

Each year \$100,000 is set aside to pay for lawsuit settlements. The rest of this item is to pay the debt on bonds the Town issued to acquire the Symmes property. Those bonds will be paid off in FY2022.

Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets.

In years when the budget shows a revenue surplus, that surplus is appropriated to the Override Stabilization Fund.

The total of all items under II Appropriations.

The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.

L. BALANCE

- A. Reserve Balances
- B. Free Cash
- C. Stabilization Fund
- D. Override Stabilization Fund
- E. Municipal Bldg. Ins. Trust
- F. TOTAL APPROPRIATIONS

An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.

A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 3% growth, plus \$100,000 appropriation from Town Meeting.

The Override Stabilization Fund was created as a result of the 2005 Prop. 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to make withdrawals for the purchase of new equipment.

Municipal Bldg. Ins. Trust F A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to buy insurance for its buildings.

TOTAL:

% of General Fund Revenue

Total reserves as a percent of total revenue.

Arlington Cherry Sheet Receipts

Ref 2

	FY2020 Cherry Sheet Final	FY2021 Governor's Budget Proposal	\$ Δ	% Δ
Education:				
Chapter 70	13,979,327	15,983,039	2,003,712	14.3%
School Transportation			0	
Charter Tuition Reimbursement	54,305	76,738	22,433	41.3%
Offset Receipts:				
School Choice Receiving Tuition		0	0	0%
Sub-total, Education	14,033,632	16,059,777	2,026,145	14.4%
General Government:				
Unrestricted Gen Gov't Aid	8,056,055	8,281,625	225,570	2.8%
Veterans Benefits	206,676	213,430	6,754	3.3%
Exemp: VBS and Elderly	125,356	142,386	17,030	13.6%
Offset Receipts:				
Public Libraries	59,468	59,603	135	0.2%
Sub-Total, General Government	8,447,555	8,697,044	249,489	3.0%
Total Estimated Receipts	22,481,187	24,756,821	2,275,634	10.1%
Assessments	(3,410,733)	(3,451,318)	(40,585)	1.2%
Net State Aid	19,070,454	21,305,503	2,235,049	11.7%
Net State Aid, less offsets	19,010,986	21,245,900	2,234,914	11.8%

include bond
on state rev

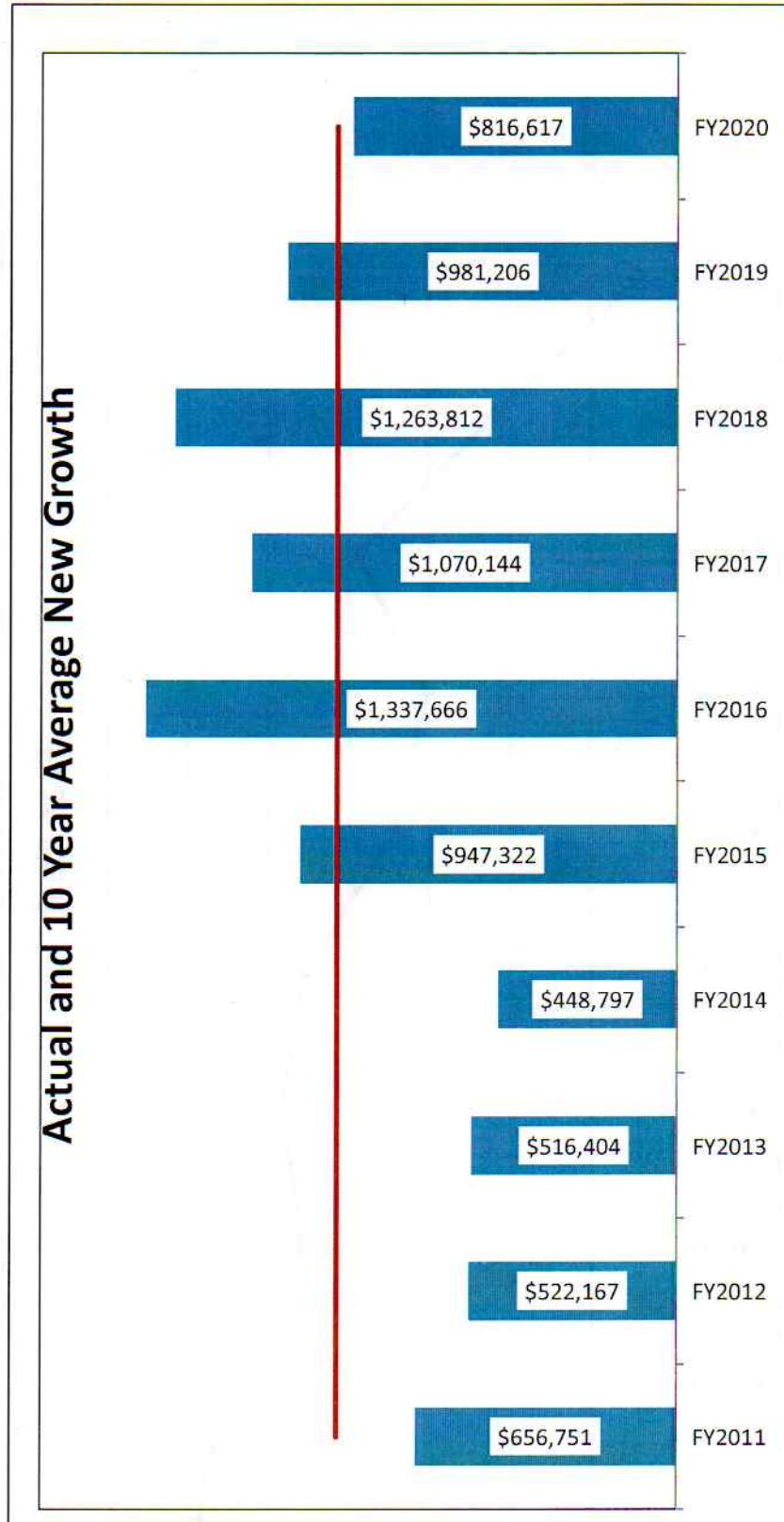
Arlington Cherry Sheet Assessments

Ref 3

	FY2020 Cherry Sheet Final	FY2021 Governor's Budget Proposal	\$ Δ	% Δ
State Assessments and Charges:				
Air Pollution Districts	17,772	18,234	462	2.6%
Metropolitan Area Planning Council	23,998	24,491	493	2.1%
RMV Non-Renewal Surcharge	33,480	33,560	80	0.2%
Sub-Total, State Assessments:	75,250	76,285	1,035	1.4%
Transportation Authorities:				
MBTA	3,045,228	3,065,682	20,454	0.7%
Boston Metro. Transit District	727	727	0	0.0%
Regional Transit		0		
Sub-Total, Transp Authorities:	3,045,955	3,066,409	20,454	0.7%
Annual Charges Against Receipts:				
Special Education	16,279	39,724	23,445	144.0%
STRAP Repayments		0	0	
Sub-Total, Annual Charges:	16,279	39,724	23,445	144.0%
Tuition Assessments:				
School Choice Sending Tuition	67,236	44,288	(22,948)	-34.1%
Charter School Sending Tuition	206,013	224,612 ^A	18,599	9.0%
Sub-Total, Tuition Assessments:	273,249	268,900	(4,349)	-1.6%
Total Estimated Charges:	3,410,733	3,451,318	40,585	1.2%

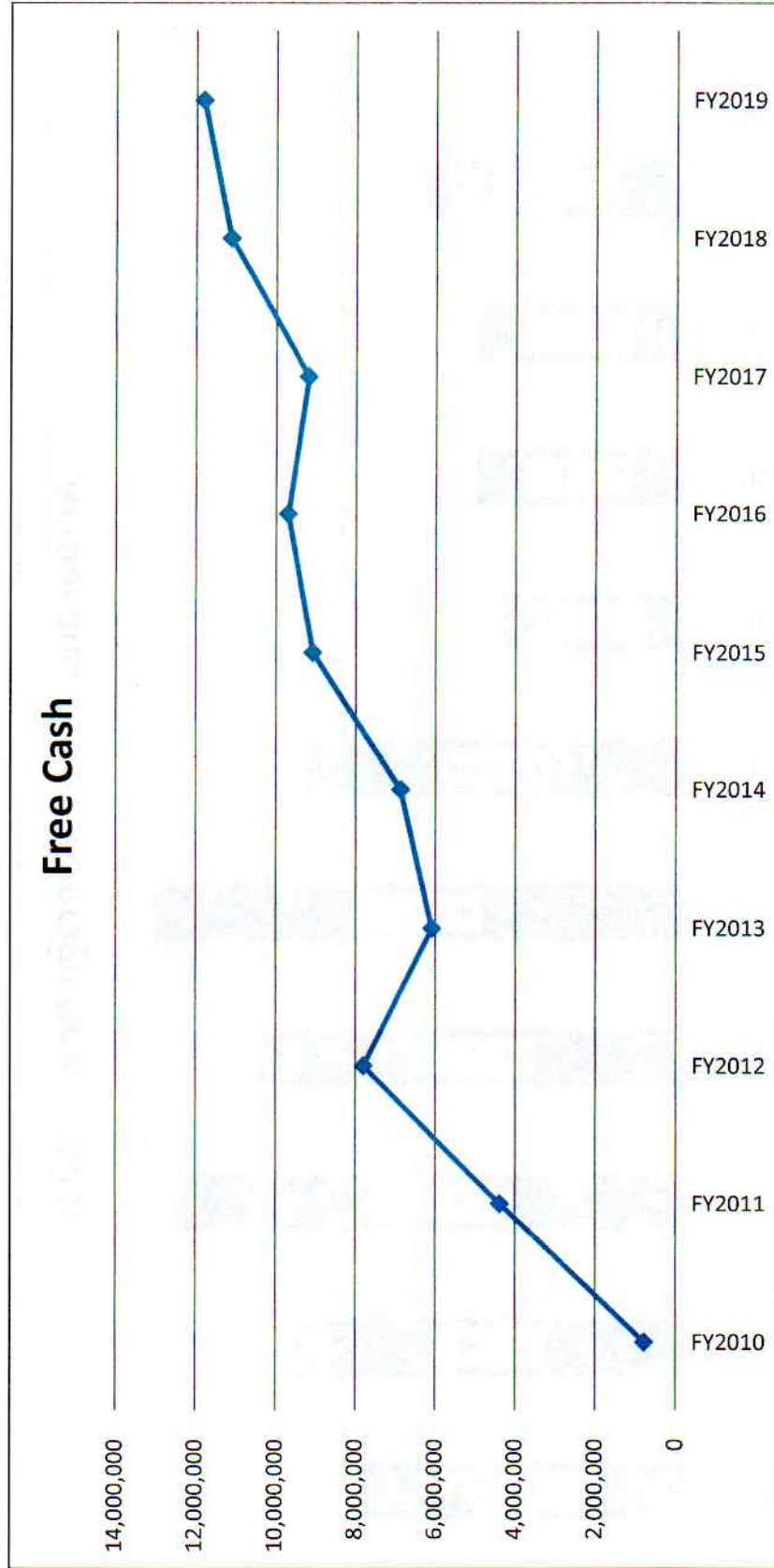
A based on cost of ed in Arl

Fiscal Year	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Total New Growth	\$656,751	\$522,167	\$657,203	\$1,393,953	\$1,255,293	\$1,337,666	\$1,070,144	\$1,263,812	\$981,206	\$816,617
Less Brigham's			(128,657)	(180,666)						
Less Symmes			(12,142)	(764,490)	(307,971)					
Adjusted Growth	\$656,751	\$522,167	\$516,404	\$448,797	\$947,322	\$1,337,666	\$1,070,144	\$1,263,812	\$981,206	\$816,617
10 Year Avg.							\$750,913	\$813,293	\$847,122	\$856,089
10 Year Median							\$649,832	\$691,853	\$837,139	\$881,970



Ref 5

Free Cash	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Free Cash Balance	770,499	4,379,408	7,793,055	6,085,848	6,871,692	9,074,598	9,701,131	9,186,749	11,119,563	11,802,775
12 Year Average						4,528,206	4,998,472	5,347,495	6,065,003	6,745,436
10 Year Average						4,528,206	5,247,372	5,802,290	6,614,664	7,678,532
5 Year Average						6,840,920	7,905,265	8,184,004	9,190,747	10,176,963
12 Year Median						4,008,491	4,379,408	5,232,628	6,478,770	7,332,374
10 Year Median						4,008,491	5,232,628	6,478,770	7,332,374	8,433,827
5 Year Median						6,871,692	7,793,055	9,074,598	9,186,749	9,701,131
12 Year, drop high and low								5,369,831	6,088,997	6,837,196





**Town of Arlington
Office of the Town Manager**

Sanford M. Pooler
Deputy Town Manager

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TO: Finance Committee
FROM: Sandy Pooler, Deputy Town Manager *SP*
CC: Adam W. Chapdelaine, Town Manager
Ida Cody, Comptroller
DATE: February 5, 2020
RE: Reserve Fund Transfers

Attached for your information and review is a list of transfer requests, a sheet summarizing the transfers, and attachments of memos or letters from the departments requesting the transfers. The following is a summary of the transfer requests:

Human Resources Training

In late 2019, the Town Manager made a series of commitments in response to community concerns raised in regard to the Lt. Pedrini matter. Those commitments included the performance of third party bias assessment of the Arlington Police Department, a set of trainings on racial equity for Town staff and elected leadership, and a series of community meetings to further process these issues.

The third party bias assessment of the Arlington Police Department is nearing completion and will be paid for by drug forfeiture funds available to the department. The racial equity training is scheduled to take place over the course of the fiscal and next fiscal year. The facilitated community meetings are being actively planned and it is hoped that they will be scheduled soon. The total cost of the racial equity training is \$62,370, half of which the Town will pay during this fiscal year. The projected cost of the community meeting facilitation is \$15,000, which the Town is expected to expend this fiscal year.

Additionally, the Department held three assessment centers for Police Sergeants and Lieutenants as well as for a Police Chief. This is more assessments centers than it usually holds.

The Human Resources Department is able to cover a portion of these costs within the existing training budget, but will need a \$29,671.41 transfer to cover all these costs. It will be able to pay for the entirety of the racial equity training which is scheduled to take place in FY21, within the proposed FY21 training budget.

I recommend making a Reserve Fund Transfer to cover these unanticipated costs.

Vocational School Tuition

Occasionally, there are Arlington students who attend vocational schools in other parts of the state that offer specialized programming. This year, a student is attending Norfolk Country Agricultural Vocational School, and the Town has received an invoice from the school for the student's tuition of \$27,461. Article 63 of the 2019 Annual Town Meeting provided for the funding of the Minuteman Regional Vocational Technical High School, "as well as paying the tuition for all other out of district vocational education placements." At Town Meeting, no funds were appropriated for those other placements, because it was not known whether there would be any other placements until students made their enrollment decisions.

I recommend making a Reserve Fund Transfer to cover this obligation.

Impact to Reserve Fund

The recommendations outlined above total \$57,132.41. If approved, the balance in the Reserve Fund would be \$1,547,451.59.

FY20 Transfers

Department	Amount Required		Transfer Source	
	Expense	Salaries	Intra-department Transfer	Reserve Fund
Out of District Tuition <i>Tuition</i>	\$27,461.00			\$27,461.00
Human Resources <i>Training</i>	\$29,671.41			\$29,671.41
Total	\$57,132.41	\$0	\$0	\$57,132.41

**TOWN OF ARLINGTON
REQUEST FOR TRANSFER FROM THE RESERVE FUND**

Date: February 5, 2020

To: The Finance Committee
Town of Arlington, MA

Request is hereby made for the following transfer:

- | | |
|-------------------|-------------------------------------|
| 1. Transfer to: | Acct #: 0115282-5218 |
| | Acct Name: Human Resources Training |
| | Amount: \$29,671.41 |
| 2. Transfer from: | Acct Name: Reserve Fund |
| | Account #: 0114987-5730 |
| | Amount: \$29,671.41 |

3. The amount requested will be used for (given specific purpose in detail):
This account covers many training actives, including assessment centers for public safety department promotions, travel and related expenses for some conferences, and other training for staff from multiple departments.

4. Explain how this expenditure is extraordinary or unforeseen: (attach memo if necessary)
It was not know at the beginning of the year how many public safety position assessments would be necessary. Additionally, the full cost of the Racial Equity And Leadership training for the Select Board and for department heads and other key staff was unknown until this year.



Department Head or Committee Member

ACTION OF FINANCE COMMITTEE

Date of Meeting: _____ Number present & voting: _____

Transfer voted in the sum of: _____ Transfer disapproved: _____

Transfer disapproved comments: _____

Chairman, Finance Committee

Request must be made and transfer voted BEFORE any expenditure in excess of appropriation is incurred.
Finance Committee reserves the right to request additional supporting data before action.

Timeline

The proposed Sustained Engagement package can be structured over a 10-month period, launching at a mutually agreed upon date. The timeline below provides an estimate of timing and tasks, many of which will overlap, over the course of 10 months.

Arlington / Race Equity And Leadership

Arlington, Massachusetts Racial Equity Engagement - Preliminary Timeline												
ACTIVITY / DELIVERABLE	PLAN START	PLAN DURATION	PERIODS									
			JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
ASSESSMENT												
Survey Staff	1	2										
TRAINING												
REAL 101	1	2										
REAL 201	4	2										
REAL 301	6	2										
REAL 302	8	2										
STRATEGIC PLAN												
Build Core Team	1	2										
Plan/Develop Racial Equity Plan	3	5										
Draft and Finalize Racial Equity Plan	8	5										

Exhibit B – Payment Schedule

Cost / Payment Schedule

DELIVERABLE	COST
Assessment	\$ 8,000
Training	\$ 46,000
Strategic Assistance	\$ 5,000
Capacity Building	\$ 6,000
Admin (@ 0.1%)	\$6,300
NLC Member City Discount	(\$6,930)
TOTAL	\$ 62,370
PAYMENT SCHEDULE	
Upon contract approval	\$ 15,592.50
Quarterly payments x 3	
April 1, 2020	\$ 15,592.50
July 1, 2020	\$ 15,592.50
October 1, 2020	\$ 15,592.50
TOTAL	\$ 62,370.00